

## Message Text

LIMITED OFFICIAL USE

PAGE 01 OECD P 30695 01 OF 05 251738Z

40

ACTION EUR-12

INFO OCT-01 ISO-00 JUSE-00 L-03 NSC-05 PA-01 PRS-01 USIA-06

STR-04 AID-05 CEA-01 CIAE-00 COME-00 EB-07 EA-07

FRB-03 INR-07 IO-10 NEA-10 NSAE-00 OPIC-03 SP-02

TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 OIC-02 FTC-01

H-02 /100 W

----- 023054

R 251532Z NOV 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 9384

LIMITED OFFICIAL USE SECTION 01 OF 05 OECD PARIS 30695

PASS EB FOR BOEKER' L FOR FELDMAN, TREASURY FOR LANGE,  
COMMERCE FOR ARRILL, CIEP FOR GRANFIELD, JUSTICE  
FOR DAVIDOW

E. O. 11652: N/A

TAGS: EINV, EFIN, OECD

SUBJECT: CIME MEETING, NOVEMBER 19-20, 1975

REF: (A) IME(75)19 (1ST REVISION)

(B) IME(75)20

(C) IME(75)21

1. SUMMARY AND COMMENTS: OECD INVESTMENT COMMITTEE  
(CIME) SUBSTANTIALLY ADVANCED ITS WORK ON DRAFT GUIDE-  
LINES FOR MULTINATIONAL ENTERPRISES (MNE'S) (REFDOC A)  
AND PARALLEL GOVERNMENT UNDERTAKING TO ACCORD NATIONAL  
TREATMENT TO OECD-AREA FOREIGN INVESTORS. THE COMMITTEE  
AGREED TO INCLUDE IN MNE GUIDELINES STRONGER INJUNCTION  
AGAINST TAKING AND PROFFERING BRIBES AND OTHER KINDS OF  
IMPROPER BENEFITS TO PUBLIC SERVANTS. US DELEGATE  
(BOEKER) PROPOSED MORE GENERALIZED US LANGUAGE FOR GUIDE-  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OECD P 30695 01 OF 05 251738Z

LINES' SECTION ON RESTRICTIVE BUSINESS PRACTICES. CHAIR-

MAN (GUENTHER OF GERMAN CARTEL OFFICE) OF RESTRICTIVE BUSINESS PRACTICES COMMITTEE EXPRESSED SOME SYMPATHY FOR US APPROACH AND VOLUNTEERED TO HAVE HIS GROUP TAKE UP BOTH US DRAFT AND SUGGESTIONS ON OECD DRAFT MADE BY BUSINESS ADVISORY COMMITTEE (BIAC) AS REPORTED IN SEPTEL ON BIAC CONSULTATIONS. MAJOR DEADLOCKED ISSUE IN MNE GUIDELINES REMAINS NORDIC COUNTRIES' DEMAND FOR, AND US OPPOSITION TO, DISCLOSURE OF MNE FINANCIAL RESULTS AND INVESTMENTS BY COUNTRY OF OPERATION. SINCE US HAS FEW ALLIES ON THIS ISSUE, WHAT LIES AHEAD IS SLOW PROCESS OF CONVINCING OTHERS THAT WE MEAN IT (ON WHICH BIAC WAS NOT HELPFUL). WITH CANADIANS AND AUSTRALIANS RESERVING, COMMITTEE AGREED TO STATE NATIONAL TREATMENT PRINCIPLE IN STRAIGHTFORWARD MANNER AND TO DEFINE THE EXCEPTIONS PROCEDURE IN TERMS OF AN INJURY TEST. IRONICALLY, LEAST MEANINGFUL ELEMENT OF OECD INVESTMENT PACKAGE, GUIDELINES ON INVESTMENT INCENTIVES AND DISINCENTIVES (REFDOC C) IS IN GREATEST DOUBT, AS RESULT OF DETERMINED FRENCH EFFORT TO KILL THIS NOW LARGELY HORTATORY DOCUMENT. RESULTS OF CIME DRAFTING GROUP MEETING NOV 20 TRANSMITTED SEPTEL. NEXT MEETING OF IME WILL BE DEC 18-19. END SUMMARY

#### I. NATIONAL TREATMENT

2. FIRST ISSUE DISCUSSED (REFDOC B) CENTERED AROUND ALTERNATIVE USE OF WORDS "DECIDES" "RECOMMENDS" -- I.E., DEBATING WHETHER THIS INSTRUMENT WOULD IN EFFECT BE BINDING OR NOT.

3. U.K. AND JAPAN FAVORED BINDING TERM "DECIDES" WHILE INDICATING PREFERENCE FOR SOMEWHAT WEAKER LANGUAGE IN CONTENTS OF THE INSTRUMENT. ON OTHER HAND, U.S. AND SOME OTHER DELEGATIONS, SUCH AS SWITZERLAND, EXPRESSED PREFERENCE FOR LESS BINDING LANGUAGE OF "RECOMMENDS" IF THIS WOULD ALLOW STRONGER MORE SUBSTANTIVE LANGUAGE IN ENSUING INSTRUMENT.

4. CHAIRMAN (STEEG) CONCLUDED THAT QUESTIONS OF EXTENT TO WHICH CODE IS BINDING MAY ULTIMATELY HAVE TO BE DECIDED BY MINISTERS' ALTHOUGH PREFERENCE IN COMMITTEE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 OECD P 30695 01 OF 05 251738Z

SEEMED TO BE FOR "RECOMMENDS" COMBINED WITH A STRONGER TEXT.

5. DISCUSSION ON PARA. 1 OF REFDOC B CENTERED ON CHOOSING BETWEEN "ACCORD" AND "ENDEAVOUR TO ACCORD" IN DESCRIBING NATURE OF THE COMMITMENTS UNDERTAKEN BY PARTICIPATING MEMBER COUNTRIES. AFTER EXTENSIVE DISCUSSION GENERAL AGREEMENT EMERGED THAT

"ACCORD" WOULD BE ACCEPTABLE IF "RECOMMENDS" WAS  
ULTIMATELY CHOSEN IN INTRODUCTORY LANGUAGE.

6. DISCUSSION CONTINUED ON PARA. 1 OF REFDOC B ON  
WHETHER TERMINOLOGY "UNDER FOREIGN CONTROL" (ALT. A)  
WAS TO BE CHOSEN OR THE LANGUAGE "WHOLLY OR PARTLY  
FOREIGN OWNED AND CONSIDERED AS UNDER FOREIGN CONTROL"  
(ALT. B). IT WAS AGREED THAT IF ALTERNATIVE A WAS

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 OECD P 30695 02 OF 05 251741Z

40

ACTION EUR-12

INFO OCT-01 ISO-00 JUSE-00 L-03 NSC-05 PA-01 PRS-01 USIA-06

STR-04 AID-05 CEA-01 CIAE-00 COME-00 EB-07 EA-07

FRB-03 INR-07 IO-10 NEA-10 NSAE-00 OPIC-03 SP-02

TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 OIC-02 FTC-01

H-02 /100 W

----- 023241

R 251532Z NOV 75

FM USMISSION OECD PARIS  
TO SECSTATE WASH DC 9385

LIMITED OFFICIAL USE SECTION 02 OF 05 OECD PARIS 30695

CHOSEN, TERM "FOREIGN CONTROL" MUST THEN BE DEFINED.  
ALTERNATIVE B REQUIRES NO FURTHER ELABORATION OR  
DEFINITION. THERE WAS NO FINAL AGREEMENT ON THIS  
ISSUE, AND IT WAS FORWARDED TO DRAFTING GROUP.

7. US SUGGESTED REDRAFTING OF PARAGRAPH 4 (REFDOCB)  
(SO-CALLED "GRANDFATHER CLAUSE") AND WAS SUPPORTED BY  
THE SECRETARIAT. REDRAFT WILL BE DISCUSSED IN  
DRAFTING GROUP.

8. US DEL SUGGESTED DELETION OF PARAGRAPH 6 (REFDOC B) REGARDING AN EXCEPTION FOR ECONOMIC INTEGRATION, ON THE GROUNDS THAT IT WAS ADDRESSED TO INTER-GOVERNMENTAL RELATIONS, WHEREAS REFDOC B CONCERNED WITH RELATIONS BETWEEN GOVERNMENTS AND ENTERPRISES. US WAS SUPPORTED BY JAPAN BUT OPPOSED BY FRANCE AND EC. THE EC COMMISSION WILL REDRAFT ITS PROPOSED SPECIAL EXCEPTION.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OECD P 30695 02 OF 05 251741Z

9. ON CRITICAL ISSUE OF EXCEPTIONS, AS EXPRESSED IN PARAGRAPHS 10 AND 11 REFDOC B, THERE WAS CONSIDERABLE DEBATE, WITH EACH OF POSSIBLE ALTERNATIVES BEING SUPPORTED BY AT LEAST ONE DELEGATION. HOWEVER, CHAIR RATHER DEFTLY PRODUCED "CONSENSUS" TO WORK FROM PARA 10 ALTERNATIVE C AND PARA 11, ALTERNATIVES A AND B (NOTIFICATION OF EXCEPTIONS AND THE OUTCOME THEREFROM WITHIN 30 DAYS). THIS FORMULA WAS SENT TO THE DRAFTING GROUP FOR EXPRESSION IN SPECIFIC LANGUAGE.

10. ENTIRE INSTRUMENT (REFDOC B) WILL BE REDRAFTED FOR THE NEXT TIME MEETING, WHERE ISSUES OF EXCEPTIONS AND LEGAL STATUS WILL BE FURTHER DISCUSSED.

## II. INCENTIVES/DISINCENTIVES

11. FRENCH (HAVING APPARENTLY FOCUSED ON REFDOC C FOR FIRST TIME) AT OUTSET TOOK DIVISIVE STANCE. FRANCE (WITH CANADA AND AUSTRALIA) ARGUED FIRMLY THAT ENTIRE DOCUMENT SHOULD BE STRICTLY LIMITED TO OFFICIAL INCENTIVES OR DISINCENTIVES THAT ARE EXPLICITLY DESIGNED FOR FOREIGN INVESTMENT. SWITZERLAND, U.S., JAPAN, AND U.K. ARGUED FOR WIDER APPLICATION TO ANY SUCH MEASURE HAVING SIGNIFICANT PRACTICAL EFFECT ON FOREIGN INVESTMENT. AS COMPROMISE ON THIS BASIC POINT WAS NOT FORTHCOMING IN COMMITTEE, US DEL PROPOSED THAT NEW TEXT BE DRAFTED TO INCLUDE (A) BROAD PRINCIPLE URGING AVOIDANCE OF OFFICIAL INCENTIVES OR DISINCENTIVES TO DIRECT INVESTMENT WHICH WOULD HAVE HARMFUL EFFECTS ON PARTICIPATING MEMBER COUNTRIES, (B) NARROW CONSULTATION PROCEDURE (I.E., ONLY ON MEASURES SPECIFICALLY DESIGNED TO ATTRACT OR REPULSE FOREIGN DIRECT INVESTMENT) AND (C) EVOLUTIONARY CLAUSE ON POSSIBLE LATER EXPANSION OF THE SCOPE OF THE CONSULTATION PROCEDURE. FRANCE CONTINUED TO OPPOSE BROAD PRINCIPLE, BUT THE SECRETARIAT WILL WORK ON NEW DRAFT BASED ON US

SUGGESTION. US STATED THAT PARA. 9 POSES SPECIAL PROBLEMS TO SOME MEMBERS BECAUSE IT MAY IMPLY POSSIBLE DISCRIMINATION AGAINST ESTABLISHED THIRD-LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 OECD P 30695 02 OF 05 251741Z

COUNTRY MULTINATIONALS WHEN TWO OR MORE COUNTRIES INTEGRATE. EEC OBSERVER AGREED TO SUBMIT REDRAFT THIS PARAGRAPH AT NEXT TIME.

### III. MNE GUIDELINES

12. INTRODUCTION: PRINCIPAL POINTS OF DISCUSSION IN REFDOC (A) ON THIS SECTION CONCERNED PARAS 5, 8 AND "BRIDGE" PARAGRAPH. BECAUSE OF IMPASSE REACHED ON INCENTIVES/DISINCENTIVES, CANADA, SUPPORTED BY AUSTRALIA, PROPOSED PLACING BRACKETS AROUND OFFICIAL INCENTIVES AND DISINCENTIVES FOR INVESTMENT IN PARA 5 WHICH STATES THE NATURE OF PACKAGE OF WHICH THE GUIDELINES ARE A PART. THIS STRONGLY RESISTED BY US DEL ON GROUNDS THAT MEANING MIGHT BE MISINTERPRETED AND PERHAPS LEAD TO BELIEF THIS ELEMENT OF PACKAGE COULD BE DROPPED. ALTERNATIVE PROPOSAL THEN SUGGESTED BY CANADA WAS THAT TWO SETS OF BRACKETS BE USED, ONE FOR ORIGINAL AND SECOND FOR NEW TITLE FOR THIS ELEMENT TO BE CALLED "INSTRUMENT RELATING TO INCENTIVES AND DISINCENTIVES". CHAIRMAN STEEG SUGGESTED THAT FOOTNOTE BE INCLUDED EXPLAINING THAT BRACKETS AROUND THIS ITEM INDICATE THAT THE THREE PART PACKAGE WAS NOT YET FULLY WORKED OUT.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 OECD P 30695 03 OF 05 251739Z

40

ACTION EUR-12

INFO OCT-01 ISO-00 JUSE-00 L-03 NSC-05 PA-01 PRS-01 USIA-06

STR-04 AID-05 CEA-01 CIAE-00 COME-00 EB-07 EA-07

FRB-03 INR-07 IO-10 NEA-10 NSAE-00 OPIC-03 SP-02

TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 OIC-02 FTC-01

H-02 /100 W

----- 023066

R 251532Z NOV 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 9386

LIMITED OFFICIAL USE SECTION 03 OF 05 OECD PARIS 30695

THIS WAS ACCEPTABLE TO US. DISCUSSION ON PARA 6 WHICH CONCERNS VOLUNTARY NATURE OF GUIDELINES, CENTERED ON WHETHER BRACKETED WORD "LEGAL" REFERRING TO ENTITIES BE RETAINED OR ANOTHER WORD SUBSTITUTED. CONSENSUS OF DELEGATIONS VOICING VIEWS WAS TO SUBSTITUTE WORD "ECONOMIC", WHICH IT WAS FELT BETTER DESCRIBED ACTUAL SITUATION, SINCE NOT ALL WERE "LEGAL ENTITIES".

13. DISCUSSION ENSUED ON BRACKETED ITEMS IN "BRIDGE" PARAGRAPH OF REFDOK A. UK DEL ARGUED DOCUMENT RELATED TO MEMBER COUNTRIES ONLY AND THAT IT WOULD BE OFFENSIVE TO MENTION THOSE COUNTRIES OUTSIDE OECD AREA. UK ALSO FAVORED REMOVING BRACKETS FROM "DISCHARGE THEIR DUTY TO". US DEL CONCURRED IN UK STATEMENT, ALSO STRESSING NEED FOR STRONG LANGUAGE TO EMPHASIZE THE THOUGHT OF THIS SENTENCE WHICH IS TREATMENT OF MNE'S IN ACCORDANCE WITH INTERNATIONAL LAW. HE FURTHER SUGGESTED THAT AWKWARD PARENTHETICAL STATEMENT LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OECD P 30695 03 OF 05 251739Z

"HEREINAFTER REFERRED TO AS ENTERPRISES" BE MOVED TO PARA 8 OF PREAMBLE WHERE DESCRIPTION OF MNE'S APPEARS, BECAUSE IT WOULD BE MORE LOGICAL THERE AND BECAUSE IN THE GUIDELINES THAT FOLLOW DIFFERENT PROVISIONS REFER TO DIFFERENT ELEMENTS OF THE MNE. SWEDEN INDICATED STOCKHOLM'S ACCEPTANCE OF THIS BRIDGING SENTENCE ON GOVERNMENT OBLIGATIONS IF THE WORD DUTY WERE DROPPED WITH REGARD TO EQUITABLE TREATMENT. NETHERLANDS, GERMANY, SWEDEN FAVORED REMOVING BRACKET FROM "MEMBER COUNTRIES." CANADA, WHILE ALSO FAVORING SAME POINT, ALSO OBJECTED STRONGLY TO USE OF THE WORD "DUTY" IN THE SECOND BRACKETED PHRASE (AS DID AUSTRALIA

AND JAPAN). SWISS DEL FAVORED REMOVING BRACKETS FROM "ALL STATES" BUT ENTERED A RESERVATION ON THE PARAGRAPH AS A WHOLE. CHAIRMAN STEEG, IN SUMMING UP, ASKED DRAFTING GROUP TRY TO FIND SUBSTITUTE FOR WORD "DUTY".

14. DISCLOSURE OF INFORMATION: IME DISCUSSION ON THIS ISSUE REVEALED CONTINUED FUNDAMENTAL DIVISION OF OPINION BETWEEN NORDIC POSITION ON COUNTRY-BY-COUNTRY BREAKDOWN (AND CONCOMITANT PROBLEM OF DISCRIMINATION) AND U.S. AND SWISS POSITION REGARDING USE OF CONSOLIDATED ACCOUNTS ONLY. CHAIRMAN SUMMARIZED BIAC VIEWS AS BEING THAT THEY (BIAC) ARE NOT OPPOSED TO MORE EXTENSIVE FORMULATION OF INFORMATION SECTION PROVIDED THAT ACCOUNT IS TAKEN OF THE TECHNICAL DIFFICULTIES OF SMALL COMPANIES, AND THE ELIMINATION OF ALTERNATIVE B (2)(VI) SECTION ON EMPLOYEE REMUNERATION. US DEL DISAGREED WITH CHAIRMAN'S SUMMARY, AND STATED THAT BIAC HAD MADE TWO FUNDAMENTAL POINTS: (A) THAT THE COUNTRY-BY-COUNTRY BREAKDOWN WAS UNWORKABLE, AND (B) THAT BIAC WOULD GO SOMEWHAT BEYOND ALTERNATIVE A ON CONDITION THAT THE INFORMATION REQUIREMENTS WERE NOT FOR MNE'S ALONE, BUT FOR ALL ENTERPRISES.

15. U.S. DEL EMPHASIZED THAT ALTERNATIVE B REMAINED UNACCEPTABLE, ALTHOUGH IT WAS POSSIBLE TO WORK DOWN FROM ALTERNATIVE A TO SEE WHAT MORE COULD REASONABLY BE ADDED. THE KEY REQUIREMENT FOR U.S. REMAINS HAVING THIS SECTION NON-DISCRIMINATORY AS BETWEEN MNE'S AND LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 OECD P 30695 03 OF 05 251739Z

OTHERS. U.S. DEL ALSO MADE SUGGESTION TO ADD "DOMESTIC" IN LAST SENTENCE OF PARA (1) OF THIS SECTION TO ALLEVIATE DISCRIMINATION PROBLEM. CANADA OPPOSED THIS SUGGESTION. U.K. DEL SUGGESTED ADDING THE PHRASE "HAVING DUE REGARD FOR THE SIZE AND NATURE OF THE ENTERPRISE" TO EITHER ALTERNATIVES A OR B TO COVER THE PROBLEM OF TECHNICAL DIFFICULTIES OF SIZE. SWEDISH DEL AGAIN EMPHASIZED THAT ITS MINIMUM REQUIREMENTS ON GUIDELINES ISSUE WERE (A) DISCLOSURE PROVISION SIMILAR TO ALTERNATIVE B, AND (B) A CONSULTATION PROCEDURE OF SUFFICIENT SCOPE (INCLUDING SPECIAL CASES) TO BE SATISFACTORY TO THEM. U.S. DEL STATED THAT SINCE IN MANY OECD COUNTRIES DISCLOSURE OF ALTERNATIVE B ITEMS EVEN ON A CONSOLIDATED BASIS IS NOT REQUIRED, THERE IS AN ELEMENT OF DISCRIMINATION ALSO FOR CONSOLIDATED DISCLOSURE, AND U.S. DEL SAID IT WAS NOT SUFFICIENT TO DEAL WITH THIS PROBLEM IN SECTION 8 OF PREAMBLE. FURTHERMORE, THE SIZE CRITERION, AS SUGGESTED BY U.K. DEL MAY NOT BE TOO HELPFUL: RATHER A REFERENCE TO THE REALITIES AND PRACTICALITIES OF THE SITUATION

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 OECD P 30695 04 OF 05 251749Z

40

ACTION EUR-12

INFO OCT-01 ISO-00 JUSE-00 L-03 NSC-05 PA-01 PRS-01 USIA-06

STR-04 AID-05 CEA-01 CIAE-00 COME-00 EB-07 EA-07

FRB-03 INR-07 IO-10 NEA-10 NSAE-00 OPIC-03 SP-02

TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 OIC-02 FTC-01

H-02 /100 W

----- 023451

R 251532Z NOV 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 9387

LIMITED OFFICIAL USE SECTION 04 OF 05 OECD PARIS 30695

MIGHT BE MORE USEFUL.

16. U.S. DEL EMPHASIZED THAT PURPOSE OF THIS SECTION WAS FOR INCREASED PUBLIC ENLIGHTENMENT AND UNDERSTANDING OF MNE'S. THIS PURPOSE MAY NOT BE SERVED BY COUNTRY BREAK-DOWNS, WITH ACCOMPANYING NONCOMPARABILITY OF DATA. FURTHERMORE, A COMPETITIVE DISADVANTAGE MAY BE INVOLVED. IT WOULD PUT "MNE'S IN THE DOCK" TO JUSTIFY WHY FINANCIAL RESULTS, WAGES AND INVESTMENT WERE DIFFERENT FROM ONE COUNTRY TO ANOTHER WHEN THE GROUNDS FOR SUCH DIFFERENCES RELATE NOT TO THE OPERATIONS OF THE ENTERPRISE BUT TO DIFFERENCES IN COUNTRIES' INVESTMENT CLIMATE, LIVING STANDARDS, PRICE LEVELS, ETC. WHY SHOULD MNE'S HAVE TO JUSTIFY THESE DIFFERENCES? GIVEN THIS FACTOR AND TOTAL INCOMPARABILITY OF DATA, THE RESULT WOULD BE A SERIOUS EROSION OF PUBLIC UNDERSTANDING AND CONFIDENCE IN THE INTERNATIONAL INVESTMENT PROCESS. OTHER SECTIONS OF THE GUIDELINES ADEQUATELY TAKE CARE OF DISCLOSURE REQUIREMENTS TO GOVERNMENTS AND TO THE NEEDS OF COLLECTIVE BAR-



GAINING. BETTER PUBLIC UNDERSTANDING WHICH IS THE  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OECD P 30695 04 OF 05 251749Z

OBJECTIVE OF DISCLOSURE SECTION IS NOT FURTHER SERVED  
BY COUNTRY OR GEOGRAPHIC BREAKDOWNS. JAPAN AND ITALY  
INDICATED A PREFERENCE FOR ALTERNATIVE B, AND EC DEL  
AGREED WITH U.S. VIEWS. CHAIRMAN SUMMARIZED STATUS  
OF DISCUSSION BY STATING THAT BASIC UNRESOLVED ISSUES  
INVOLVED (A) COUNTRY-BY-COUNTRY BREAKDOWN VS. CONSOLI-  
DATED ACCOUNTS; (B) THE PROPOSALS OF U.K. (RE: "SIZE")  
AND SWITZERLAND (RE: INTRA-GROUP PRICING), AND (C)  
ITEM (VI) OF ALTERNATIVE B, WHETHER "TOTAL REMUNERATION"  
DATA SHOULD BE PROVIDED, OR NOT. U.S. DEL ADDED THAT  
UNRESOLVED ISSUES ALSO INCLUDED THE QUESTION OF "VARIOUS  
LINES OF BUSINESS" IN ITEM (IV) ALTERNATIVE B. IT IS  
NOT A USEFUL DATUM (ACCORDING TO RECENT U.S. COURT  
DECISIONS). IME WILL AGAIN LOOK AT DISCLOSURE ISSUE AT  
ITS NEXT MEETING.

17. CONSULTATIONS: SWEDISH DEL MADE APPEAL THAT IME  
RECOGNIZE RIGHT OF ENTERPRISES TO APPEAR AT CONSULTA-  
TIONS TO SUBMIT THEIR VIEWS, ALTHOUGH THERE WAS NO NEED  
TO GIVE AN OFFICIAL STATUS TO THEM. FRG SAID IT WAS  
NECESSARY TO DISTINGUISH BETWEEN THE PERIODIC REVIEWS,  
WHEN A BIAC/TUAC PRESENCE MIGHT BE FEASIBLE, AND SPECIAL  
CONSULTATIONS, WHERE IT COULD BE LEFT UP TO GOVERNMENTS  
WHETHER THEY WANT REPRESENTATION FROM MNE'S ON NATIONAL  
DELEGATIONS. U.K. DEL STATED THAT MNE REPRESENTATION  
PROBLEM WAS TAKEN CARE OF BY POSSIBILITY OF CITING  
SPECIFIC EXAMPLES OF ENTERPRISE BEHAVIOR AND AGREEMENT  
THAT NATIONAL DELEGATIONS COULD INCLUDE PRIVATE ADVISORS  
IF DESIRED. U.S. DEL EMPHASIZED THAT TWO ISSUES WERE  
INVOLVED: (A) QUESTION AS TO PRIVATE ENTERPRISE REPRE-  
SENTATION ON NATIONAL DELEGATIONS, AND (B) QUESTION OF  
BIAC/TUAC REPRESENTATION. CHAIRMAN LEFT IT TO DRAFTING  
GROUP OR SECRETARIAT TO FORMULATE HOW BIAC/TUAC INPUT  
COULD BE PROVIDED FOR IN CONSULTATION AND HOW AN AGREE-  
MENT MIGHT BE REFLECTED TO INCLUDE PRIVATE SECTOR  
ADVISORS IN DELEGATIONS TO CONSULTATIONS, IF DESIRED.

18. GENERAL POLICIES: MAIN DISCUSSION CENTERED ON  
POINT 6, POLITICAL INVOLVEMENT. (AT EARLIER MEETING  
WITH BIAC AND TUAC BOTH GROUPS FELT THIS SECTION OF CODE  
WAS TOO WEAK.) U.S. DEL INTRODUCED FOLLOWING NEW DRAFT  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 OECD P 30695 04 OF 05 251749Z

PROPOSAL:

BEGIN TEXT

ENTERPRISES SHOULD,

WITHIN THE FRAMEWORK OF THE LAWS AND REGULA-  
TIONS OF THE HOST COUNTRY

- (I) NOT RENDER - AND THEY SHOULD NOT BE SOLICITED  
OR EXPECTED TO RENDER - ANY BRIBE OR OTHER  
IMPROPER CONSIDERATION, DIRECTLY OR INDIRECTLY,  
FOR THE BENEFIT OF ANY PUBLIC SERVANT;
- (II) NOT MAKE CONTRIBUTIONS TO CANDIDATES FOR PUBLIC  
OFFICE OR TO POLITICAL PARTIES OR OTHER POLITI-  
CAL ORGANIZATIONS EXCEPT AS AUTHORIZED BY LAW;  
AND
- (III) ABSTAIN FROM ANY IMPROPER INVOLVEMENT IN LOCAL  
POLITICAL ACTIVITIES.

END TEXT

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 OECD P 30695 05 OF 05 251745Z

40

ACTION EUR-12

INFO OCT-01 ISO-00 JUSE-00 L-03 NSC-05 PA-01 PRS-01 USIA-06

STR-04 AID-05 CEA-01 CIAE-00 COME-00 EB-07 EA-07

FRB-03 INR-07 IO-10 NEA-10 NSAE-00 OPIC-03 SP-02

TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 OIC-02 FTC-01

H-02 /100 W

----- 023245

R 251533Z NOV 75

FM USMISSION OECD PARIS  
TO SECSTATE WASH DC 9388

LIMITED OFFICIAL USE SECTION 05 OF 05 OECD PARIS 30695

19. U.S. DEL EXPLAINED THAT BRIBERY TEXT COULD BE SEPARATED FROM POLITICAL INVOLVEMENT, OR BOTH COULD APPEAR UNDER COMMON HEADING; HE WAS WILLING TO DO IT WHICHEVER WAY FACILITATED STRONGEST STATEMENT ON BRIBERY.

20. SWISS DEL SAID U.S. DRAFT WAS GOOD BUT TOO LONG. HE NOTED THAT BRIBES ARE ILLEGAL IN OECD COUNTRIES, BUT TREATMENT OF POLITICAL CONTRIBUTIONS WAS TRICKY. HE FAVORED SHORTER STATEMENT SUGGESTED BY TUAC. CANADA SUPPORTED U.S. DRAFT. JAPAN AND IRELAND FAVORED SEPARATING BRIBERY ISSUE FROM POLITICAL CONTRIBUTION ISSUE. FRENCH DEL REMARKED SARCASTICALLY THAT DRAFT SEEMED LIKE A CODE FOR CORRUPTION. U.S. DEL REACTED BY POINTING OUT THIS ISSUE IS TAKEN VERY SERIOUSLY BY US PUBLIC AND CONGRESS AND THAT US RECEPTION OF ENTIRE CODE COULD BE DETERMINED BY THE MANNER IN WHICH THIS QUESTION IS DEALT WITH. IN A MORE COOPERATIVE VEIN, FRENCH DEL SUGGESTED BRIBERY TEXT BE SEPARATED FROM POLITICAL CONTRIBUTIONS POINT. CHAIRMAN STEEG INSTRUCTED THE DRAFTING GROUP TO LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OECD P 30695 05 OF 05 251745Z

COME UP WITH NEW TEXT SEPARATING BRIBERY SECTION FROM POLITICAL CONTRIBUTIONS SECTION.

21. EMPLOYMENT AND INDUSTRIAL RELATIONS: STEEG SUGGESTED TIME CONFINE ITS DISCUSSION TO PARA 7 OF EMPLOYMENT SECTION OF REFDOK (A) (TRANSFER OF OPERATIONS DURING A STRIKE) AND PARA 8 (GIVING UNIONS A VOICE IN MANAGEMENT ON DECISIONS OF INTEREST TO THEM AS WELL QUESTION OF INTERNATIONAL REPRESENTATION). IN RESPONSE, U.S. DEL SUGGESTED THAT DRAFTING GROUP ALSO EXAMINE PARAS 1 THROUGH 6. HE ALSO STATED THAT IN "CHAPEAU" TO THIS SECTION, THE WORDS "COMPONENT ENTITIES" BE REMOVED SINCE INDUSTRIAL RELATIONS ARE LARGELY THE RESPONSIBILITY OF THE BRANCH OFFICES OR AFFILIATES AND NOT OF HOME OFFICE. U.K. CONCURRED AND RECOMMENDED ADDRESSING GUIDELINE TO "ENTITIES." CANADA ALSO AGREED WITH U.S. SUGGESTION BUT WANTED TO REMOVE BRACKETS FROM PARA 7. NORWAY, DENMARK, NETHERLANDS WANTED TO RETAIN BOTH PARAGRAPHS 7 AND 8 AND GENERALLY WERE MORE FAVORABLE TO GIVING GREATER CONSIDERATION TO TUAC VIEWS IN THIS AREA. U.K. SOMEWHAT AMBIVALENT BUT TENDED TO SUPPORT GREATER UNION PARTICIPATION IN MANAGEMENT DECISIONS. U.S. DEL POINTED OUT THAT THIS SECTION WAS LARGELY BASED ON EUROPEAN PRACTICE AND WOULD THEREFORE NOT BE ACCEPTABLE TO U.S. HE INDICATED THAT IN THE U.S. THERE IS NO BAR TO TRANSFER

OF PRODUCTION FROM STRUCK PLANTS TO OTHER FACILITIES OF  
SAME COMPANY, AND THIS IS NOT REGARDED AS AN ABUSE. IN  
REGARD TO UNION PARTICIPATION IN MANAGEMENT, THIS TOO  
IS ALIEN TO U.S. PRACTICE. STEEG INDICATED THAT SINCE  
THERE WAS NO AGREEMENT ON PARA 7, BRACKETS SHOULD REMAIN,  
AND SHE INSTRUCTED THE DRAFTING GROUP TO RECONSIDER  
PARAGRAPH 8 IN THE LIGHT OF THE BIAC/TUAC SUGGESTIONS.

22. NEXT MEETING OF CIME WAS POSTPONED BY ONE DAY  
(FROM EARLIER PROPOSAL) TO DECEMBER 18 AND 19. CIME  
WILL SHORTLY MAKE FORMAL REQUEST TO OECD COUNCIL TGU  
EXTEND DEADLINE (AS SET IN C(74)247) FOR ITS FIRST  
PROGRESS REPORT FROM END 1975 TO SOMETIME BEFORE MINIS-  
TERIAL MEETING IN SPRING, 1976, SO THAT ADEQUATE TIME  
IS ALLOWED FOR COMPLETION OF COMMITTEE'S WORK ON THE  
"PACKAGE."  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 OECD P 30695 05 OF 05 251745Z

TURNER

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** STANDARDS, POLICIES, INVESTMENT CLIMATE, COMMITTEE MEETINGS, MUTINATIONAL CORPORATIONS, INVESTMENT PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 25 NOV 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** woolflhd  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975OECDP30695  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750410-0652  
**From:** OECD PARIS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19751112/aaaaajst.tel  
**Line Count:** 625  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 12  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** woolflhd  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 29 MAY 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <29 MAY 2003 by ShawDG>; APPROVED <30 DEC 2003 by woolflhd>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CIME MEETING, NOVEMBER 19-20, 1975  
**TAGS:** EINV, EFIN, OECD, CIME  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006